

Springerville Town Council
Minutes
July 30, 2009
5:00 p.m.

Present: Mary Nedrow Mayor, Vice Mayor Eric Baca, Ron Thebeau and Phelps Wilkins.

Staff: Steve West Town Manager, Larisa Bogardus Community Dev., Karen Asquith, Finance Director, Tom Malone Public Works Director, Justin Fisher, Fire Dept.

Public: Kevin Burk, Jennifer Prochnow, Cal Smith

1. Mayor Nedrow called the meeting to order at 5:07 p.m. with a quorum present.
2. TOWN OF SPRINGERVILLE BUDGET: Discussion regarding the Town's FY 09/10 budget.

Manager Steve West explained that what was sent to council in the packets was the first draft budget. A more recent draft was provided tonight, but staff were making changes as late as 4:30 p.m. today.

Finance Director Karen Asquith provided a list of significant changes. A lot of tweaking has been done as well, but hasn't altered the budget.

A \$25,000 grant match for a new fire truck was moved to 2010-11 because the funds will not be needed until then, although the grant may be awarded this year.

The chamber was initially budgeted for \$30,000 which is what it received last year, then reduced to \$25,000, with the \$5,000 going to Casa Malpais.

Legal fees have been increased in anticipation of litigation over Tumbling T.

A 20 hour a week position was budgeted for the fire department beginning in January to help with administration and grant writing. Until now, the work has been done on a volunteer basis.

The new document presented tonight also includes the June 30 actual expenditures for 2008-09.

Money was budgeted in general government for unemployment claims, which has not been done in the past. A Save Our Schools donation was budgeted for the school rehab project.

Miscellaneous revenue of \$20,000 was budgeted as well. This is made up of late fees and surcharges.

Quite a few changes were made in personnel but don't affect the overall budget much.

Council needs to be aware that almost all revenue is declining. The Town is losing \$30,000 in state sales tax, \$42,000 in urban revenue sharing, and 2 percent in local sales tax. Overall, the Town has lost \$84,500, which is about 5 percent.

It has been a difficult budget to put together and Ms. Asquith thanked the manager and department heads for working so hard on it. We're not just holding our own; we're adding things like people where we need them, even if it is just for six months.

Mayor Nedrow said she had read every inch and it is an excellent budget. Just avoiding layoffs is excellent.

Ms. Asquith added that areas are still being identified for cuts if they are needed.

A page-by-page review of the budget began:

Mayor and Council – no questions.

General Government – Councilman Baca questioned the transfer to sewer. Ms. Asquith said the rate increase plan was designed to reduce the subsidy each year.

A total of \$462,000 is being transferred to other funds.

Magistrate – no questions.

Administration – Manager West noted that a new line item for Human Resource supplies was added. This covers awards, pins, certificates, gifts, cards, etc.

Vice Mayor Baca asked about the increase in salaries. Manager West explained this includes a full-time manager starting in January.

Finance – Councilman Thebeau asked about the increase in salaries. It was explained the budget includes a 2 percent Cost of Living Adjustment (COLA) for all employees.

GIS – Wages were significantly reduced due to contracting out for GIS services.

Community Development – Councilman Thebeau questioned the drop in salaries. An employee was transferred to public works. Benefits dropped across the board due to new insurance premiums.

Councilman Thebeau said there shouldn't be raises in a tight budget no matter what you call it. He asked if the COLA is mandatory and was told no.

Police – Mayor Nedrow observed this includes a full-time police chief.

Animal Control – Vice Mayor Baca questioned spending \$70,000 on animal control and only \$99,000 on fire. He feels the fire department needs more funding. Ms. Asquith said most of the expense is personnel. Manager West added that animal control can't be done part-time.

Fire – Mayor Nedrow asked how many grants were applied for last year. Justin Fisher said no grants were submitted last year, but some grant funds from previous years were expended. This year the department has applied for \$498,000 for a new fire truck, which will require a \$25,000 match next year, and \$2 million in stimulus funds for a new fire station.

Mayor Nedrow asked why Eagar gets so much grant money. Mr. Fisher said they have full-time staff to devote to grant research and writing. The new part-time position will help. Mayor Nedrow asked if there are grants for personnel. Mr. Fisher said there are very few and are usually step-based, with 75 percent of salaries the first year, 50 percent the next year, etc., with the Town assuming more and more of the cost each year.

Mayor Nedrow said she would like to see more grants for equipment to free up money for people. Mr. Fisher said volunteers must have a minimum of 12 hours of training per month. Certification requires hundreds of hours of training. Vice Mayor Baca asked if there is grant-writing assistance available to the administrative person. Manager West said there is in-house support and many agencies post successful applications on the web for review.

Ms. Asquith said Mr. Fisher expressed great concern about the training budget (\$1,000) during today's meeting and they will be making adjustments.

Councilman Thebeau asked about the reductions in other areas, such as fuel, supplies and propane. Most of those are based on actual expenditures for last year, Ms. Asquith said.

Vice Mayor Baca said he would like to see the total request for funding, not the cut version. Ms. Asquith said there was a \$287,000 deficit if the Town had adopted the same budget as last year. Each department was asked to reduce expenditures by 10 percent. Wages for volunteer firefighters were increased to improve attraction and retention. Also, the fire department budget was \$121,000 last year, but only \$80,000 was actually spent.

Councilman Wilkins joined the meeting at 5:55 p.m.

Firefighter Cal Smith said equipment is in good shape now, thanks to a grant, but has a life span of 4 to 5 years. A complete turnout and equipment costs about \$10,000 per person. Ideally, the Town should begin rotating, replacing a few sets each year.

Councilman Thebeau said he is against such drastic cuts in essential services. Other departments are not essential to the well-being and safety of the Town.

Mechanical Shop – Councilman Thebeau verified the budget includes a 2 percent COLA.

Building Maintenance – This has been spread among departments in the past and is now its own department.

Parks and Cemetery – no questions.

Casa Malpais – Vice Mayor Baca asked where the revenue comes from. The answer was tours. Tours dropped from \$13,000 last year to \$9,600 this year. Mayor Nedrow said the separation from the chamber will include more advertising and a separate gift shop, which should increase visitation.

Public Works – Vice Mayor Baca said this seemed low. Manager West explained it is only the administrative part of the work and only includes part of two salaries. Councilman Thebeau asked how to figure out what people make if they are spread over several departments. Mr. Malone suggested he ask.

Debt Service – no questions.

Grant Match – Councilman Thebeau asked about previous figures. It was explained that some matches weren't used because the Town didn't receive the grant. No match is needed this year, although if the fire truck grant comes through \$25,000 will have to be allocated next year.

HURF (Highway User Revenue Fund) Revenue – This reflects a sizeable reduction by the state, not the Town.

HURF – These funds are earmarked for road work.

Senior Center Revenue – Mayor Nedrow questioned the \$74,920 transfer. She wants to know exactly how that money is being used for local seniors. Senior Center Director Sharon Pinckard was out of town and could not attend the meeting. Ms. Asquith said she was concerned that the senior budget is more than the roads budget -- \$479,000 compared to \$398,000. The Town will have to start making judgments regarding transfers. For example, HURF will probably

need additional funds next year to maintain roads. Manager West clarified that Mayor Nedrow wants the focus to be on Springerville seniors, not other programs/services and areas. Ms. Asquith noted it's the only budget that went up – by \$138,000. Yes, the center is getting grants, but many require a match from the Town.

Councilman Thebeau asked about the \$25,000 in revenue from Eagar. That has traditionally been Eagar's contribution to the operation, compared to Springerville's contribution this year of \$79,000. Mayor Nedrow said in the past Eagar has argued that they operate the pool, which is used by seniors. Now that the pool is closed, perhaps that should be revisited. Councilman Thebeau said it should be increased. Vice Mayor Baca said he supports senior services but he sees cuts in other departments going to the senior center. Manager West said council would have to issue a directive regarding the focus. He knows the center has pursued other grants to offset operating costs. Some grants serve seniors and others, such as housing rehab, but others go far beyond the center's scope, like diapers for St. Johns residents.

Councilman Thebeau said he is not an advocate for grants because they all have strings attached. Councilman Wilkins asked how much of the senior center budget is grants. Ms. Asquith said she would provide that.

Airport Revenue – Councilman Thebeau asked the source of lease revenue, which is the Forest Service, tie downs, hangar space, and the developer of the new hangars. Councilman Wilkins asked about fuel sales. Fuel costs are \$142,000 with sales revenue of \$170,000.

Airport -- Councilman Wilkins clarified there is a \$70,000 subsidy to operations and \$65,000 to grant match. Manager West said yes, but the operation generates \$3 million in grants.

Tourism Tax – Councilman Wilkins said some of the money was used for team uniforms last year, which didn't seem appropriate. Ms. Asquith said the money is designated for tourism development, but that has never been defined. The Town has never turned down a request.

Jennifer Prochnow said the football program for which uniforms were funded brought a number of teams from out of town, which meant families ate at restaurants and stayed in motels. Manager West said good policies and guidelines are needed.

Water Fund Revenue – Councilman Thebeau asked why revenue has increased so much. That is mostly due to two rate increases and some new customers.

Water Fund -- Councilman Baca questioned the electricity cost. Tom Malone said most of that is for wells because the pumps are on 24 hours a day. Manager West added that the Town is shifting to fluctuating pumps that use less energy when demand is down. The Parker-Davis power allocation has not turned out to be the boon it was expected to be. The partners must pay for a full megawatt whether it is used or not. They are now looking at re-selling the unused power. Ms. Asquith added that Navopache Electric Cooperative is already predicting a 20 percent increase over the next few years.

Sewer Revenue – Councilman Thebeau asked how Eagar is billed. Mr. Malone said it is based on water usage. Ms. Asquith said they are a customer like any other. Councilman Thebeau said he is concerned it is not being metered correctly. Manager West said the Town had requested a flow meter, but Eagar had blown up two and not put in a third yet. The original plan was for Springerville to serve areas Eagar couldn't reach and Eagar would serve areas Springerville couldn't reach. So far, however, the only connection has been the 38 apartments on Hwy. 260/191. Councilman Thebeau asked how we know this. Mr. West said that was a good point, he would look into it.

Sewer Fund – no questions.

Water Capacity Fees – no questions.

Sewer Capacity Fees – no questions.

Firefighter Pension Fund – Councilman Thebeau clarified that past problems have been straightened out.

Manager West said updated budgets will be distributed soon. Adoption of a tentative budget was listed on the Aug. 5 agenda but could be tabled to a special meeting. Mayor Nedrow asked if only the changes could be distributed. Ms. Asquith said there are too many in too many different places. Most of it is just switching numbers, there is little change to the overall budget.

Jennifer Prochnow distributed the Springerville-Eagar Regional Chamber of Commerce's proposed budget. She asked that council not cut the chamber, as they were cut last year and had to reduce staffing and operating hours as a result. This budget includes only a 4 percent increase for inflation. Conference expenses may be reduced if scholarships are available. Advertising was increased slightly due to a grant application that will require a match. As the chamber liaison, Councilman Wilkins said the chamber is the best thing for tourism and growth because it is

nationally recognized. Instead of cutting \$5,000, he proposed using Tourism Tax funds to increase their funding by \$5,000.

Councilman Thebeau asked if the budget included raises. Ms. Prochnow said the 4 percent increase included raises, but they may be waived given the chamber's financial state.

Manager West said he hoped to have a tentative budget ready for the Aug. 5 regular council meeting.

3. Adjournment:

Phelps Wilkins/Ron Thebeau motion to adjourn the meeting at 6:59 p.m.

Vote:	Ayes:	Mary Nedrow
		Eric Baca
		Bill Lucas
		Ron Thebeau
		Phelps Wilkins

ATTEST:

Town Clerk

I hereby certify that the foregoing is a true and correct copy of the minutes of the Springerville Town Council budget workshop on Wednesday, July 30, 2009. I further certify that the meeting was duly called and a quorum was present.

Dated this 31st day of July, 2009

Community Development Director